method than it is theoretically possible to raise by taxation. It is often said, "All this preaching about taxation is all very well, but you couldn't possibly get anything like the amount that is needed for the war by taxation, or even by borrowing of saved money. This inflation against which economic theorists are continually railing is inevitable in time of war because there isn't enough money in the country to provide all that is needed."

This argument is simply the embodiment of the old delusion, so common among people who handle the machinery of finance, that you can really increase the supply of necessary goods by increasing the supply of money, which is nothing else than claims to goods expressed either in pieces of metal or pieces of paper. As we have seen, all that we have been able to raise abroad has been required for advances to our Allies and Dominions, consequently we have had to fall back upon our own home production for everything needed for our own war costs. Either we have turned out the goods at home or we have turned out goods to sell to foreigners in exchange for goods that we require from them. But since we thus had to rely on home production for the whole of the war's needs as far as we were concerned, it is clear that the Government could, if it had been gifted with ideal courage and devotion, and if it had a people behind it ready to do all that

was needed for victory, have taken the whole of the home production, except what was wanted for maintaining the civilian population in efficiency, for the purposes of the war.